

business owners and farmers because it will benefit nearly all of their families, and it provides immediate relief rather than the 10 year phase in that is included in the Republican bill.

Unfortunately, the Republican leadership has not allowed us to bring this proposal to a vote. I urge my colleagues to vote no on the override of the President's veto.

Ms. MCCARTHY of Missouri. Mr. Speaker, I rise today to express my strong support for estate tax reform. Small businesses and farm owners should not be penalized for their success nor should they have to worry about their ability to pass the family business on to future generations. However, I will continue to oppose the estate tax relief as proposed in the bill under consideration today because it offers significant benefit for the very wealthy individuals subject to this tax without regard to the economy, future revenues or tax fairness. I will vote to sustain President Clinton's veto of this misguided effort.

Many middle class Americans believe they do not receive value for their taxes. An important component of any tax reform debate should focus on renewing taxpayer's confidence that they are not only being taxed fairly, but that their tax dollars are being spent wisely. It concerns me that we are considering repeal of the estate tax today without a broader discussion of reform of our tax policy. We don't make decisions in a vacuum and the decisions we make today will have an impact on future revenues and spending on priority initiatives. A vote to override the President's veto today can be viewed as a vote to give the wealthiest one percent of Americans an \$850 billion tax break over the next twenty years. This is contrary to the wishes of two Presidents, Theodore Roosevelt and William Howard Taft, who advocated for enactment of the estate tax.

In 1907, Theodore Roosevelt said the following regarding this progressive tax, "Such a tax would be one of the methods by which we should try to preserve a measurable quality of opportunity for the people of the generation growing to manhood." During his Inaugural Address in 1909, William Howard Taft said, "New kinds of taxation must be adopted, and among these I recommend a graduated inheritance tax as correct in principle and as certain and easy of collection." Historically, the richest in our society are the ones who pay the majority of the estate tax, and the original justification for this progressive tax is still applicable today, but reform is needed as our economy and times change.

Currently, only two percent of people who die have enough wealth to be subject to the estate tax. Of the two percent who pay the estate tax, only three percent are small business owners or farmers. Economic experts point out that the majority of assets taxed under the estate tax are unrealized capital gains and tax-exempt bonds which have never been taxed.

I support estate tax relief which would exempt 99% of family farm estates from estate taxes. The measure I voted for earlier this year would have removed two-thirds of those who pay the estate tax from the tax rolls and increased the family exclusion for farms and closely held businesses to \$4 million by increasing the limit on the small business exclusion from \$1.3 million to \$2 million per spouse. This would have provided real relief immediately. H.R. 8 would not provide relief to a single farm or small business from the estate

tax until 2010. This relief is needed now, not in ten years.

The measure I support would immediately increase the exemption equivalent of the unified credit against estate and gift taxes to \$1.1 million. It also would provide a twenty percent across the board reduction to the estate and gift tax rates.

I support estate tax reform which maintains fiscal responsibility. The cost of H.R. 8 is not offset and will cost the Treasury \$105 billion over ten years and \$750 billion over the second ten years. Fiscal discipline of the past eight years has brought us to time where we are enjoying economic growth and prosperity. Projected surpluses still require us to make difficult decisions about priorities, and I believe that the President was correct to veto this fiscally irresponsible tax bill.

I voted in favor of a fiscally responsible proposal, the Rangel Amendment to H.R. 8, to provide immediate relief to two-thirds of the individuals in Missouri faced with estate tax liability. On July 13, the New York Times reported that if H.R. 8 would have been law in 1997, more than half of the tax savings would have gone to approximately 400 individuals who died that year leaving individual estates worth more than \$20 million each. By contrast, the New York Times reported that the Democratic alternative which I supported would have exempted approximately 95% of all farmers who paid estate tax in 1997 and 88% of small business owners who paid the tax.

If the President's veto is sustained today, I hope my colleagues on both sides of the aisle will come together to find a targeted, fiscally responsible compromise which can be enacted into law before the 106th Congress adjourns this fall.

Mr. CAMP. Mr. Speaker, today we are working to repeal the death tax so that family businesses can be passed down to children and grandchildren, and family farms can continue to exist. Less than half of all family-owned businesses survive the death of a founder and only about five percent survive to the third generation. Under the tax laws that we currently have, it is cheaper for someone to sell a business before dying and pay the capital gains tax than to pass it on to his children.

It's clear and simple—the death tax is double taxation. Small business owners and family farmers pay taxes throughout their lifetime. At the time of death, they are assessed another tax on the value of their property. It would be like giving a friend a gift, which you already paid sales tax on, followed by your friend receiving a bill from the IRS for another cut. It is absurd.

Repealing the death tax makes good economic sense. One out of every three small-business owners expects all or part of their business will have to be liquidated when death taxes come due. That doesn't just mean that the family loses the business. It also means that the employees of that business are laid off. Repealing the death tax will not only save those jobs that would be lost—it will create new jobs. Death tax liabilities caused 26 percent of family businesses to reduce capital investments—investments that would have resulted in new jobs. Nearly 60 percent of businesses owners say they would add jobs over the coming year if death taxes were eliminated. Economists predict that repealing the tax would create 200,000 extra jobs every year.

Estate and gift tax collections amounted to less than 1.4 percent of the federal government's current annual budget. This tax is not worth the costs they impose on the economy, family businesses, and individuals. 70 percent of Americans believe this is one of the most unfair taxes. I happen to be one of those 70 percent. I encourage my colleagues to vote to override this veto and end this tax.

Mr. UDALL of Colorado. Mr. Speaker, I originally voted for this bill, but only very reluctantly. I will not vote to override the President's veto.

I am not voting to sustain the veto because I oppose estate-tax relief for family-owned ranches and farms or other small businesses.

In fact, I definitely think we should act to make it easier for their owners to pass them on to future generations. This is important for the whole country, or course, but it is particularly important for Coloradans who want to help keep ranch lands in open, undeveloped condition by reducing the pressure to sell them to pay estate taxes.

But there is a better way to do it than by enacting this Republican bill.

That is why I voted for the Democratic alternative when the House originally considered this bill.

That Democratic alternative bill would have provided real, effective relief without the excesses of the Republican bill. It would have raised the estate tax's special exclusion to \$4 million for a couple owning a farm or small business. So, under that alternative, a married couple owning a family farm or ranch or a small business worth up to \$4 million could pass it on intact with no estate tax whatsoever.

Also, the Democratic alternative actually would have provided more immediate relief to small business and farm owners.

Unlike the Republican bill—which is phased in over 10 years—the Democratic alternative would have taken effect immediately. That means a couple passing on their farm or small business in the near future would avoid more tax under the Democratic plan than under the Republican bill. They would not have to hope to live long enough to see the benefits.

In addition, by increasing the general exclusion from \$675,000 to \$1.1 million next year, the Democratic alternative would have allowed parents to pass on "millionaire" status to their children without a penny of estate tax burden. And the Democratic alternative also would have lowered estate tax rates by 20% across the board.

So, the Democratic alternative—which I voted for, which deserved adoption, and which would not have been vetoed—would have provided important relief from the estate tax and would have done so in a real, effective, and prompt way.

Furthermore, the Democratic alternative would have provided this relief in a fiscally responsible way that would not jeopardize our ability to do what is needed to maintain and strengthen Social Security and Medicare, provide a prescription drug benefit for seniors and pay down the public debt.

By contrast, it is precisely the fiscal overkill of the Republican bill that made me most reluctant to vote for it and that leads me to vote to sustain the President's veto.

As the Rocky Mountain News put it in a September 3rd editorial, "the Republican tax cut is a gamble that the present economic